Development (195) Department

No. SERIES

G.O. No. 1364,

Dated 19th March 1948

[Despatch Abstract.]

Acts and Rules - Swave Aid to Industries Act - Board Industries - 46th Meeting - Minutes - Recorded.

INDUSTRIES AND COMMERCE DEPARTMENT.

From

The Chairman, Board of Industries and the Director of Industries and Commerce, Madras.

To

The Secretary to Government, Development Department, Madras.

No.S.A. 450/48. dated the 4th March 1948.

Sir,

Sub: State Aid to Industries - Board of Industries Meeting - Minutes of the meeting - Forwarded.

I enclose a copy of the minutes of the forty-sixth meeting of the Board of Industries constituted under the Madras State Aid to Industries Act, 1922 (Act V of 1923) held at the Office of the Director of Industries and Commerce, Madras on the 3rd March. 1948.

Sd/
for Chairman. Board of Industries.

Application from Sri S.K. Kuttalingam Pillay, Senna and General Merchant, Tuticorin for a loan of Rs.25,000/-

The Chairman invited the attention of the members the following salient features of the application

(i) the ridiculously extravagant figures given for the land requirements
(ii) the refusal of the party to give even samples of the chemicals and raw materials used: the process may possibly be genuine, but the applicant was not co-operating.
(iii) the results of the tests made in the Departmental laboratory on the dyes made by the applicant showing that the colours were not fast; and
(iv) the absence of any security for the loan applied for.

The Chairman also suggested that perhaps it would be best to make a further effort to obtain samples of the dyes made by the applicant and get them tested by Dr. K. Venkataraman, Direct(College of Technology Bombay University who was admittedly the best authority on the subject. It might be explained to the applicant that it was in his own interests to have tests made by Dr. K. Venkataraman. The Chairman suggested that subject to the above, further consideration of the application be dropped for the present. The Board accepted the suggestion of the Chairman and agreed to drop further consideration of the application till the Director of Industries had arranged to get the dyes prepared by the applicant tested as suggested by him.

ITEM II. Application from the Agricultural and Industrial Credit Corporation Ltd., Madras for a loan of Rs.2,00,000/-.

to the grant of aid and if the application for the loan was made specifically for the manufacture of tractors and crushers and not for the manufacture of the usual agricultural implements for which ample production capacity existed already.

ITEM III: Application from Mr. Mohammad Yousuff A.M.I.E. Bellary for ~~the~~ guaranteeing a cash credit overdraft or fixed advance with a bank of the value of Rs.60,000/-.

The following salient points of the application were pointed out by the Chairman.

(i) the process was not a novel one but had already been published by the Forest Research Institute, Dehra Dun.

(ii) the centralisation of manufacture and transport of the fragile products would not be economic. It would be better to make briquettes for local consumption only.

(iii) the applicant had not remitted the cost of advertisement inviting objections to the grant of aid as requested and had not answered any of the communications addressed to him asking for further particulars.

(iv) the applicant had no assets to offer as security.

The applicant who was present could give no explanation to (iii) above. He could not also say how he proposed to raise the balance of capital required by him. He had not manufactured briquettes even on a small scale and marketed them to see whether they would be saleable. The Board resolved to recommend the rejection of the application.

ITEM IV: Application from Sri Kondla Chinna Kondayya, Proprietor, Sri Sayi Baba Andhra Saw Mills, Aryapuram, Rajahmundry, for a loan of Rs.1,00,000/-

The Chairman invited the attention of the members to the false statement made by the applicant in col. ~~ix~~ 16 of his application that there were no encumbrances whatsoever on the property offered as security, whereas the report of the Collector of Nellore showed that several items of the property offered as security by the applicant were mortgaged. He also pointed out that the applicant was being compelled to remove his Saw Mill from its present location by the H.R.E. Board which had refused to lease out the land to him. The statements made by the applicant regarding the valuation of his Mill were inconsistent. The Board resolved to recommend rejection of the application.

Saralanagar, Tenali, for subscription of shares by Government to the value of Rs.1.00.000/

The Chairman re-iterated his views on the question of Government subscribing shares. After giving a chance to the representative of the applicant, who was present to explain his case and after obtaining his consent the Board resolved to recommend a loan of Rs.one lakh only repayable in ten instalments on the security of the assets of the business supplemented by the personal security of the Directors of the Company.

ITEM VII: Application from Sri Attili Sattiraju, Proprietor, Sree Krishna Cycle Industrial Works, Ambajipettah, East Godavari district for a loan of Rs.5000/- and a subsidy of Rs.5000/-.

The applicant, who was present, was interrogated by the Board. A number of articles forming parts of a bicycle and claimed to have been manufactured by the applicant in his workshop with a view to the mass-production of the articles.

On the suggestion of Dr. Dodwell, the Board resolved to postpone consideration of the application to the next meeting and requested the Director of Industries and Commerce in the meanwhile to arrange for the inspection of the applicants' workshop to see whether similar articles were really being made there to arrange for the valuation of his assets and to obtain from the applicant detailed information as to how he proposed to utilise the loan amount and on the cost of manufacturing the various cycle parts exhibited by him

It using hand tools were shown by him to the members. He wanted the aid for purchase of machinery to equip his workshop.

ITEM VIII: Application from the Metal Industries Ltd. Shoranur for a loan of Rs.1,00,000/-.

The representative of the company, Mr. Poduval, who was present on being interrogated by the members of the Board explained that the huge stock of raw and semi-finished articles reported to be held by him were no longer there. He had however to carry a stock worth Rs.75,000/- to Rs.80,000/- in the ordinary course of his business. In reply to a further query, he also explained that the amount advanced by Bankers for the purchase of the Military buildings had also been cleared since. In the circumstances he requested a loan of Rs. 2 lakhs instead of the one lakh applied for by his company, and he was prepared to furnish ample security for the enhanced amount. He was also prepared to repay the loan in a shorter period of time.

composition of the Directors was not such as to inspire public confidence. It was however desirable to encourage the establishment of a South-Indian firm for chartering ships as this would eventually help to save costly freight rates often levied by foreign shipping interests on which Indian commerce had to depend and also assist in the setting up of a ship-building industry ultimately. The representative of the firm agreed to the suggestion of the Board to have the set up of the company, its management and its articles of association revised and then apply for assistance in the shape of majority participation by Government. The Board thereupon resolved to recommend rejection of the application as it stood.

ITEM XI: Application from the Marine Industries Ltd. Madras for subscription of shares by Govt. to the value of Rs.2,50,000/-

The Chairman pointed out that though the Directors of the Company included many respectable men, they had taken very few shares and the Managing Agents were absolutely new to business of any sort. Government were also already engaged in the task of developing the deep sea fishing industry on their own and the highly technical nature of the industry required Govt. initiative to ensure success. In view of the above and in view of the principle he had already advocated about subscription by Government of a minority of shares in an industrial concern, he was not in favour of supporting the application.

Mr. J.C. Ryan pointed out that although Govt. were engaged in developing the industry on their own, there was no need to discourage private initiative in such an important industry. He would suggest Govt. purchasing a well-equipped fishing trawler and placing it at the service of the concern subject to its being adequately insured and provided the company offered as security the trawler together with all the other assets of the concern. Government might also insist on the company employing a technically well qualified man to enable them to make the best use of the facilities thus provided.

The Board accepted the suggestions of Mr. J.C. Ryan and requested the Director of Industries and Commerce to place them before the applicants. The Board resolved to recommend rejection of the application as it stood

Item XII: Application from Sri Kadambi Seshadri Kuppam for a subsidy of Rs.1,000/-

The applicant was advised to furnish information to the Director of Industries and Commerce on the additional security he could offer within the next 15 to 20 days.

ITEM XIV: Application from Sri N.Ct. Chidamparam Chettiar, Partner and Assistant Manager The Murugan Oil Mills, Tirupattur for a loan of Rs.1,25,000/-.

The applicant had not remitted the amount requested of him to meet the cost of advertisement inviting objections to the grant of aid as required by section 8(2) of the Act. On interrogation the applicant who was present could give no satisfactory explanation for his dilatory tactics. The Board resolved to recommend rejection of the application. The applicant was however advised to submit a fresh application, furnishing full particulars remitting the amount needed to cover the cost of advertisement writing objections to the grant of aid.

ITEM XV: Application from the India Mines and Industries Ltd. Bezwada for subscription of shares by Govt. in the concern to the value of Rs.1,10.000/-

The Board resolved to postpone consideration of this application to its next meeting.

ITEM XVI: Application from Sri D. Gopalakrishna Naidu, Proprietor, The Star Tyre Service Co., Mount Road, Madras for a loan of Rs.25,000/-.

After considering the value of the security offered, the Board enquired of the applicant who was present whether he would be prepared to accept a smaller loan of Rs.12,000/-. The applicant agreeing, the Board resolved to recommend a loan of Rs.12 thousand only.

GOVERNMENT OF MADRAS

(Abstract)

Acts and Rules - State Aid to Industries Act - Board of Industries 46th Meeting - Minutes - Recorded.

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Development Department

G.O.Ms.No.1364, Dated 19th March 1948.
Read the following:--

From the Director of Industries & Commerce No.SA-450/48, dated 4th March 1948.

O r d e r:

RECORDED.

(By Order of His Excellency the Governor)

Sd/ **
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To the Director of Industries and Commerce.

(True copy)

R. Thiagarajan 3.2.84
Office Assistant,
Madras Record Office.

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